



# Current Report

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## Oklahoma Pasture Rental Rates: 2014-15

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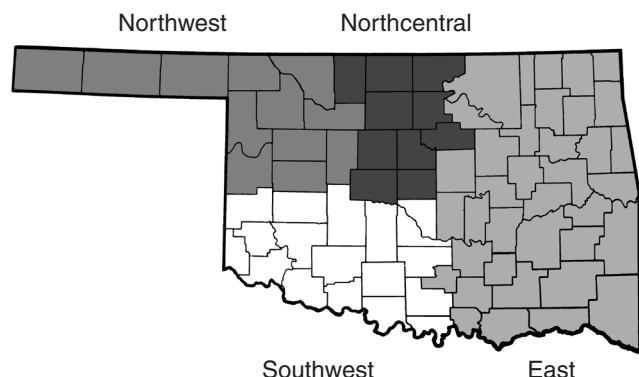
Rental agreements and rates are influenced by the landowner's costs, the tenant's expected earnings, previous rates charged, competition for the land, government programs, tax laws, and the non-agricultural economy. The results of a statewide farmland leasing survey conducted in 2014 are reported here. Respondents were individuals contacted through the Oklahoma Cooperative Extension Service who agreed to complete periodic surveys plus recipients of a mailing by the Oklahoma Agricultural Statistics Service. Approximately 815 surveys were returned with useable data. Figure 1 shows regions of the state used in reporting survey results: northwest, southwest, north central, and east.

Most tenants and landlords in Oklahoma appear to be satisfied with their lease agreements. About 64% of the respondents classified their leasing agreements as good or excellent from the standpoint of fairness with an additional 24% classifying their agreements as adequate. Survey results document some regional differences in rental rates and average sizes of tracts rented.

### Pasture Rental Rates

Common methods of renting pasture include:

1. rate per acre,
2. fixed rate per hundredweight per month,
3. flat rate per pound of gain, or
4. share of gain or profit.



**Figure 1. Regions Used in Reporting Farmland Leasing Survey Results.**

In addition to factors previously mentioned — the landowner's costs, the livestock owner's expected earnings, and previous rates charged, etc. — the kind and quality of pasture, fences, location, and water also influence the pasture rental rate. Negotiations determine the type of agreement and the relative weight given to different factors.

Rental rates for native, Bermuda, and other pasture are listed in Table 1. The state average rental rate for native pasture was \$13.39 per acre per year with responses ranging from \$4 to \$40.<sup>1</sup> This average was up from \$12.33 in 2012. Native pasture rental rates were lowest in northwest Oklahoma at \$9.86 per acre and highest in north central Oklahoma at \$15.29 per acre. Figure 2 shows the distribution of per acre rates reported for native pasture in Oklahoma.

The state average rental rate for Bermuda pasture was \$21.05 per acre, up \$2.41 per acre from the previous survey, with responses ranging from \$8 to \$81. Figure 3 shows the distribution of per acre rates reported for Bermuda pasture in Oklahoma.

Pasture rental rates for stockers on small grain winter grazing averaged \$0.61 per pound of gain and \$.65 for leases including grazeout, both similar to 2012 levels. Per acre rates for winter grazing and winter grazing including grazeout were \$34.15 and \$31.82 respectively. Typically, per acre rates for winter grazing including grazeout would be expected to be higher than the winter grazing rate especially within a given livestock commodity and type. However, the per acre rates include several different classes of grazing livestock (stockers, cows-calf pairs, cows only, sheep, goats, etc.) and the livestock mix varies within each grazing period.

Pasture lease agreements may assign responsibility for checking livestock, providing salt and minerals or supplemental feed or pasture, and repairing fence to the tenant or landlord or both. Table 3 summarizes the distribution of survey responses by type of pasture: small grain winter grazing, small grain grazeout, and other pasture (includes native, Bermuda, and other improved pasture). Generally, the livestock owner was responsible for most of the terms of the pasture lease, although there are opportunities for sharing by both parties. In the winter grazing leases, more responsibili-

<sup>1</sup> Averages reported are the simple average of rates reported by respondents. They are not weighted by acres in the lease agreement.

ties were reported to be shared compared to the 2012 survey, with the responsibilities shifted from the livestock owner.

### Other Lease Terms

Many lease agreements specify terms and conditions beyond the rental rate, which affect the value of the lease and the “real” rental rate. Tenants may or may not be allowed to hunt, harvest pecans, cut timber, use buildings or other improvements, and lease out hunting privileges. Lime application costs or similar costs for improvements in which the benefits are returned over a number of years may be shared by the landlord and tenant, or if the tenant pays for them initially, repaid by the landlord at a fixed rate per year.

Tenants may be required to maintain fences, spray or clip weeds annually, provide liability insurance, share oil field damages, maintain terraces, and leave strips of grain in the field for game. Landlords may provide a well and water, fencing material, or land for a mobile home. Tenants may ask for several months notice if the landlord wishes to terminate the lease agreement. In some cases, leases contain an option to buy with rental payments applied to the purchase price.

### Historical and Regional Perspective

Table 4 provides historical data on pasture rental rates for Oklahoma, Kansas, Arkansas, and Texas for 2005-2014 as reported by the USDA National Agricultural Statistics Service (NASS). County level pasture rental rate data is available at: [http://www.nass.usda.gov/Statistics\\_by\\_State/Oklahoma/Publications/County\\_Estimates/index.asp](http://www.nass.usda.gov/Statistics_by_State/Oklahoma/Publications/County_Estimates/index.asp)

The USDA Cash Rent Survey will be resumed bi-annually beginning with a 2015 release in August 2016.

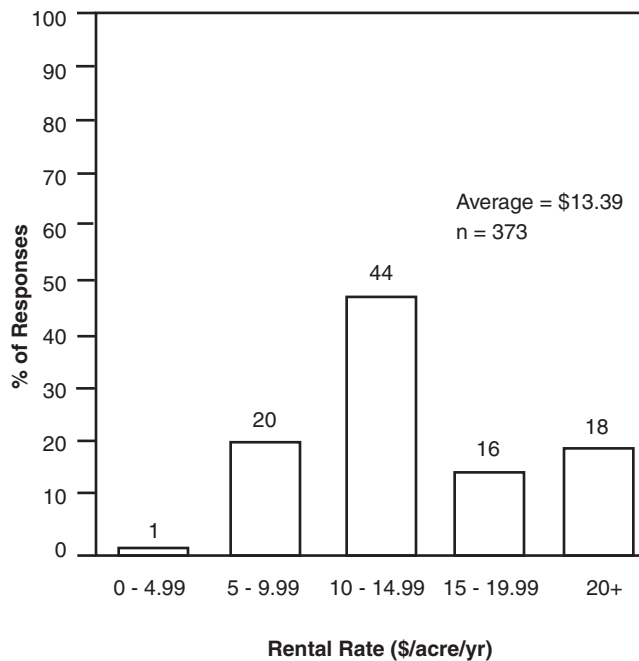


Figure 2. Relative Frequency of Responses for Native Pasture Rental Rates.

### Concluding Comments

“Fair” rents must be negotiated between tenant and landlord. Regional or state average rental rates may be used as a beginning point for discussion and negotiation of rental rates. However, differences in land quality and improvements, and restrictions on land use can greatly impact the value of potential leases. Likewise, differences in family living expenses and hired labor costs can be substantial for different operations, affecting the maximum rental bids.

New legal restrictions and liability factors may call for changes in future farm lease agreements. Some farm management firms include language requiring that the tenant will be responsible for following label restrictions in the use of pesticides, for remaining in compliance with the farm’s conservation plan, and for disposing of wastes in a manner approved by the Environmental Protection Agency, etc. Some leases already stipulate precisely what fertilizers, pesticides, and seed may be used on the property. Both landlords and tenants must be aware of changing environmental laws and regulations to avoid potentially costly liabilities.

To help educate landlords and tenants with equitable lease agreements and current best management practices, visit the Oklahoma State University (OSU) Ag Land Lease website at <http://www.aglandlease.info>. A joint effort between OSU’s Plant and Soil Sciences and Agricultural Economics Departments, the website contains a wide assortment of farm management spreadsheet tools, lease information and sample lease forms, USDA county level rental rates for Oklahoma, land value resources, legal and tax considerations, livestock and hunting lease publications plus the latest production practices in Oklahoma.

North Central Farm Management Extension Committee (NCFMEC) publications included on both this website and [aglease101.org](http://aglease101.org) are:

Fixed and Flexible Cash Rental Arrangements For Your Farm, NCFMEC-1 at <http://aglease101.org/DocLib/docs/NCFMEC-01.pdf>

Pasture Rental Arrangements, NCFMEC-3 at <http://aglease101.org/DocLib/docs/NCFMEC-03.pdf>

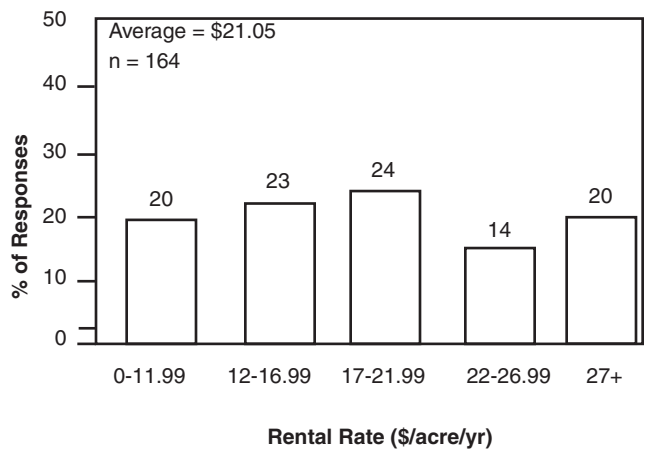


Figure 3. Relative Frequency of Responses for Bermuda Pasture Rental Rates.

**Table 1. Cash Rental Rates for Pasture, 2014-15.**

	Native Pasture				Bermuda				Other Pasture																			
	Northwest		North Central		East		Southwest		North Central		East		Southwest <sup>1</sup>		East <sup>2</sup>		State											
	Average	Range	Average	Range	Average	Range	Average	Range	Average	Range	Average	Range	Average	Range	Average	Range	Average	Range										
<b>Acres in Lease</b>	689	20-3,800	612	8-9,500	350	10-2,235	530	10-8,500	452	20-1,738	167	10-480	387	4-3,720	1,497	15-17,000	453	40-1,200	399	4-3,720	1,497	15-17,000	400	30-3,370	687	15-17,000		
Average	85	20-3,800	110	8-9,500	69	10-2,235	199	10-8,500	40	20-1,738	17	10-480	165	4-3,720	16	15-17,000	9	40-1,200	232	4-3,720	16	15-17,000	34	30-3,370	61	15-17,000		
No. of Observations	18	20-3,800	13	8-9,500	12	10-2,235	12	10-8,500	11	20-1,738	12	10-480	11	4-3,720	11	15-17,000	17	40-1,200	11	4-3,720	11	15-17,000	9	30-3,370	12	15-17,000		
<b>Average Years Lease Held</b>	1-75	20-3,800	1-75	8-9,500	1-50	10-2,235	1-60	10-8,500	1-50	20-1,738	1-30	10-480	1-40	4-3,720	1-40	15-17,000	1-32	40-1,200	1-50	4-3,720	1-40	15-17,000	1-31	30-3,370	1-40	15-17,000		
Average	77	20-3,800	103	8-9,500	64	10-2,235	187	10-8,500	40	20-1,738	15	10-480	153	4-3,720	14	15-17,000	8	40-1,200	217	4-3,720	14	15-17,000	34	30-3,370	57	15-17,000		
Range		20-3,800		8-9,500		10-2,235		10-8,500		20-1,738		10-480		4-3,720		15-17,000		40-1,200		4-3,720		15-17,000		30-3,370		15-17,000		
No. of Observations		20-3,800		8-9,500		10-2,235		10-8,500		20-1,738		10-480		4-3,720		15-17,000		40-1,200		4-3,720		15-17,000		30-3,370		15-17,000		
<b>\$/acre/year</b>	\$9.86	5-30	\$13.63	5-40	\$15.29	4-35	\$14.16	4-40	\$19.10	8-45	\$20.91	9-40	\$21.33	8-81	\$15.23	8-25	\$15.31	10-20	\$21.05	8-81	\$15.23	8-25	\$25.86	10-84	\$20.89	8-84		
Average	71	5-30	94	5-40	59	4-35	149	373	29	8-45	13	9-40	114	164	12	8-25	9	10-20	164	164	12	8-25	25	10-84	47	8-84		
Range		5-30		5-40		4-35		4-40		8-45		9-40		8-81		8-25		10-20		8-81		8-25		10-84		8-84		
No. of Observations		5-30		5-40		4-35		373		8-45		9-40		8-81		8-25		10-20		8-81		8-25		10-84		8-84		
<b>Stocker Steers</b>																												
<b>Stocking Rate (Acres/hd)</b>	5.3	2-10	5.8	3-10	2.8	2-5	4.5	2-10	-	-	-	-	-	-	-	-	-	-	4.2	2-11	-	-	1.9	1-4	3.9	1-12		
Average	11	2-10	9	3-10	6	2-5	11	37	-	-	-	-	-	-	-	-	-	-	4	2-11	-	-	4	1-4	7	1-12		
Range		2-10		3-10		2-5		37												4							7	
No. of Observations		2-10		3-10		2-5		37												4							7	
<b>Grazing Season (Months)</b>	4.4	3-6	5.5	3-12	5.4	5-6	7.1	3-12	-	-	-	-	-	-	-	-	-	-	5.3	2-8	-	-	-	-	7.9	4-12		
Average	11	3-6	14	3-12	5	5-6	11	41	-	-	-	-	-	-	-	-	-	-	4	2-8	-	-	-	-	7	4-12		
Range		3-6		3-12		5-6		41												4							7	
No. of Observations		3-6		3-12		5-6		41												4							7	
<b>Cows with Spring Calves</b>																												
<b>Stocking Rate (Acres/hd)</b>	14.6	3-25	10.4	2-25	6.8	2-15	6.4	2-25	6.6	5-10	4.9	1-8	5.1	1-10	-	-	-	-	5.5	1-15	-	-	3.5	2-6	6.5	2-15		
Average	31	3-25	24	2-25	23	2-15	54	132	9	5-10	7	1-8	48	48	-	-	-	-	65	65	-	-	9	9	16	2-15		
Range		3-25		2-25		2-15		132		5-10		1-8		48					65	65			9	9	16	2-15		
No. of Observations		3-25		2-25		2-15		132		5-10		1-8		48					65	65			9	9	16	2-15		
<b>Grazing Season (Months)</b>	8.7	3-12	9.1	3-12	8.9	4-12	8.5	3-12	9.9	6-12	9.1	6-12	8.6	5-12	8.4	6-12	10.2	7-12	8.9	5-12	8.4	6-12	8.7	6-12	8.9	6-12		
Average	33	3-12	36	3-12	28	4-12	82	179	16	6-12	9	6-12	68	68	7	6-12	5	7-12	94	94	7	6-12	15	15	27	6-12		
Range		3-12		3-12		4-12		179		6-12		6-12		68		6-12		7-12		94		6-12				27	6-12	
No. of Observations		3-12		3-12		4-12		179		6-12		6-12		68		6-12		7-12		94		6-12					27	6-12

- Insufficient observations.  
<sup>1</sup> Predominantly Old World Bluestem.  
<sup>2</sup> Predominantly Fescue.

**Table 2. Small Grain Pasture Rental Rates, 2014-15.**

	<i>Winter Grazing (November - March)</i>	<i>Both Winter Grazing and Grazeout (November - May)</i>
<b>Acres in Lease</b>		
Average	407	413
Range	7-3,000	19-4,100
Number of observations	83	102
<b>Average Years Lease Held</b>		
Average	12	13
Range	1-40	1-75
Number of observations	70	97
<b>\$/lb of gain</b>		
Average	\$0.61	\$0.65
Range	\$0.50-0.75	\$0.50-0.90
Number of observations	15	10
<b>\$/acre/season</b>		
Average	\$34.15	\$31.82
Range	\$15.00-100.00	\$20.00-60.00
Number of observations	34	47

**Table 3. Responsibility of Parties in Pasture Lease Agreements, 2014-15 (percent of responses).\***

	<i>Small Grain Winter Grazing</i>				<i>Both Winter Grazing and Grazeout</i>				<i>Other Pasture</i>			
	<i>Pasture Producer</i>	<i>Livestock Owner</i>	<i>Both</i>	<i>No. Obs.</i>	<i>Pasture Producer</i>	<i>Livestock Owner</i>	<i>Both</i>	<i>No. Obs.</i>	<i>Pasture Producer</i>	<i>Livestock Owner</i>	<i>Both</i>	<i>No. Obs.</i>
	<i>(percent)</i>				<i>(percent)</i>				<i>(percent)</i>			
Checking livestock	15	58	27	81	16	70	14	99	11	79	10	692
Salt and minerals	16	60	23	83	18	70	12	100	10	81	9	688
Fencing materials	29	44	28	80	28	54	18	100	22	64	15	689
Fencing labor	23	48	30	80	21	62	17	100	16	72	12	685
Fertilizer cost	35	44	21	80	23	62	15	100	12	76	11	656
Supplemental feeding	17	62	21	81	16	72	11	97	10	81	9	681
Supplemental pasture	18	61	21	76	17	70	14	96	12	78	9	660
Water	33	48	19	81	25	55	20	100	21	68	11	681
Death loss	6	69	25	80	11	76	12	97	10	82	8	673

\* Totals may not add to 100 due to rounding.

**Table 4. Average Gross Cash Rent (Dollars per Acre) for Pasture Dryland, Selected States, 2005-2014.**

	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
	<i>\$/acre</i>									
<b>Oklahoma</b>	<b>9.00</b>	<b>8.50</b>	<b>9.50</b>	<b>10.50</b>	<b>10.50</b>	<b>11.00</b>	<b>11.50</b>	<b>11.50</b>	<b>12.00</b>	<b>12.00</b>
Kansas	13.40	13.70	14.50	15.50	15.50	15.50	16.00	16.50	17.50	17.50
Missouri	27.00	26.00	26.00	26.00	25.00	24.00	25.50	28.00	29.00	29.00
Texas	6.20	6.10	6.20	6.50	6.20	6.10	7.50	6.50	6.50	6.50

Source: Agricultural Statistics Service, Oklahoma Agricultural Statistics 2014, USDA/NASS, Oklahoma Department of Agriculture, <http://www.nass.usda.gov/ok/>.

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